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ARIZONA LABOR MARKET INFORMATION

NEWSLETTER

Vol. IX No. 12
December 1985

Unemployment Rate

Seasonally Adjusted
October*

ARIZONA	6.5%
Maricopa Co.	5.1%
Pima Co.	5.4%
UNITED STATES	7.1%

Consumer Price Index

National-September
1967 - Base Year

Wage Earner/Clerical Worker -	320.5
% Chg. Yr. Ago	2.7
All Urban -	324.5
% Chg. Yr. Ago	3.2

Phoenix-3rd Qtr.
1977 - Base Year

All Urban -	191.4
% Chg. Yr. Ago	4.5

Producer Price Index

National-October*
1967 - Base Year

All Commodities	308.0
% Chg. Yr. Ago	-0.5
Finished Goods	294.8
% Chg. Yr. Ago	1.1

* Preliminary

Agribusiness--An Industry In Transition

At the turn of the century, agriculture in the United States was virtually a self-contained industry. Each farmer was responsible for producing his own feed, seed, draft animals, and even simple farm equipment. Raw materials produced on the farm were turned into food and clothing items for the family. The small amount of materials not used on the farm were sold in local markets. In the past few decades, the agriculture industry has undergone a radical change.

The economics of farm life has changed radically since the industrial revolution. Food and clothing items once produced nearly exclusively on the farm are now purchased almost exclusively off the farm. Agriculture is no longer limited to self-contained farm family enterprises. The economics of agriculture has grown into a diverse industry called agribusiness.

Agribusiness now covers businesses involved in food manufacturing, food distribution, and commodity processing, as well as those companies selling goods and services to the farmer. Agribusiness has become an important part of every country's economy. According to Dr. Michael Woolveton of Arizona State University, "Agribusiness in the United States contributes about 20 percent to the Gross National Product (GNP) and employs approximately 23 percent of the labor force."

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Arizona Labor Market Information Newsletter
WINNER OF THE ICESA 1985 LMI PUBLICATION AWARD

Nancy Augustin, editor
Processed by RA Clerical Support Unit

Agribusiness, as an industry, basically consists of the input supply industries; firms involved in the processing, manufacturing, and distribution of food products; and agricultural production firms. Examples of input industries would be Dekalb, Elanco, and Standard Oil, in that they manufacture and sell products to farmers and ranchers.

Firms such as McDonald's, Cargill, Sunkist Growers, and Anheuser-Busch are ones that process, manufacture, and distribute food products. Agricultural production firms, farms, and ranches, although larger and more specialized than in the past, continue to be owned and operated by individuals rather than corporations. However, the trend in agribusiness the last few years has been toward the larger, corporate-owned enterprise.

It was estimated that in 1980, input supply industries in the United States employed about 7.6 million people; commodity processing, food manufacturing, and food distribution employed more than 12.7 million people; and about 3.3 million people were employed in agricultural production.

Yet, as positive as they may appear, the 1980s has produced some of the worst economic conditions for farmers since the 1930s. In 1935, there were approximately 6.8 million farms in the United States selling $1,000 or more worth of farm products per year. In 1984, there were only 2.2 million farms of this kind. The trend away from farming is clear.

As with any industry, farming tends to be cyclical. The 1970s were a period of relative stability in the agribusiness industry. The 1980s saw a combination of high interest rates, excess production of many farm commodities, a weakening demand for many farm products, and bad weather drive many farmers off of their land.

Some of the factors such as excess production are difficult to understand. Simply put, farm production as a result of technological efficiency makes the farmer of today more productive than he was 10 years ago. However, production is exceeding demand for many farm products. As a result of this excess production, 30 million acres of farmland will have to be idled this year in the United States.

In addition to a decline in farm income due to overproduction, farm debts have been rising and the value of farm assets have been falling. The price of farmland peaked in 1981. From 1981 to April of 1985, farmland prices dropped 19 percent nationwide. The average value of farmland declined from $819 to $679 per acre. The Department of Agriculture estimates a decline in farmland values since 1981 as high as 50 percent in Nebraska. It has been estimated as high as 40 percent in the cornbelt states of Iowa, Minnesota, and Illinois. The value of farmland has fallen to levels that were common in the mid-1970s.

Those hardest hit by the worsening economic conditions in agriculture are middle-sized and commericial farms run by families who depend on the farm for almost all of their income. Farm size, for statistical purposes, is defined by the United States Department of Agriculture in terms of annual sales of farm products. For example, a family-sized commercial farm is one that has $50,000 to $500,000 in annual sales.

The economic woes in agriculture are less likely to affect the large corporate or

small farm operator. Large farms, those selling $500,000 or more of farm products a year, are in a better position in that they often rent equipment and land and, because of their larger proportionate size, can often hold on to land that has to be idled for a long period of time. The amount of government subsidy is higher for a larger farm. Obviously, a large corporate farm will receive more government subsidy than a smaller, family-operated farm. In 1982, there were only 28,000 large farms in the U.S., slightly more than 1 percent of all farms, yet they received more than two-thirds of total net farm income.

To be sure, some small farms are facing a financial crisis. Yet, the smaller farm operation is less likely to feel an economic pinch because those operations are less likely to have large outstanding debts.

Also, most small farm income comes from non-farm sources. The typical small farm is one that has been kept in the family for generations and is most often not involved in active farm production, or is essentially free of debt and has annual sales below $40,000 per year. The small farmer is able to meet his living expenses, yet does not have the capacity to borrow to enable him to expand his operation. In essence, the small farmer finds himself in a Catch-22; he is making ends meet, yet he cannot borrow any capital to enable him to expand.

As a rule of thumb, if a farm has a debt-to-asset ratio of more than 70 percent, it is considered to be in severe trouble. If this ratio is between 40 and 70 percent, the farm is considered to be facing some serious financial trouble, and if the ratio is less than 40 percent, the operation can be considered safe.

According to the October issue of American Demographics, as of January 1985 there were 229,000 middle-sized farms in serious or severe financial trouble. This represents 34 percent of all middle-sized farms in the United States and is an increase of 29 percent from January 1984. The number of technically "broke" farms, those owing more than the value of their assets, has increased by more than 40 percent, to 43,000 farms between 1984 and 1985.

During the normal course of events, a farm family begins when the operator establishes the farm. This farm is then expanded over the course of the next 10 to 20 years. When the farmer reaches his late 40s and 50s and his family has grown and left home, he has more discretionary income and is able to pay off his debts.

The normal cycle of agriculture was disrupted in the 1970s as farm assets began to inflate. As the real estate values of farmland began to increase, farmers were encouraged to purchase/mortgage additional acres to farm. It made sense because farmland was expected to increase in value. Investment in farmland at the time was considered safe. As farmland increased in value, so did farm equipment. Farm operators were encouraged to purchase new equipment and depreciate it over a shorter period of time, enabling them to more rapidly recover the cost of the equipment. If, however, the farmer incurred losses after acquiring the equipment, the after-tax benefit was virtually eliminated. A management decision such as this put many farmers at economic risk. Farm operators during the 1970s, in order to expand their operations, borrowed heavily on the increased value of their land. As crop prices fell due to overproduction, the farm operator began to incur losses, and found that he did not have sufficient cash resources to meet his loan obligations.

For example, an operator who started farming in the 1960s or earlier had a smaller debt ratio than those who began farming in

the 1970s. Statistically, most of the farmers who are facing financial trouble are under age 55, and the majority are younger than 45. According to recent studies, farmers are more production efficient today than they were 10 years ago, but they entered farming at an unfortunate time. Those management decisions that made the farmers of the 1950s wealthy will now force farmers into bankruptcy.

The agricultural picture in Arizona appears to be relatively stable. This obviously contrasts with the national scene. One reason for the relative stability of Arizona agriculture is that farms and ranches tend to be very large operations. Arizona ranks first in the average size of farms and ranches among the Western states. Across the United States, the average farm size is 437 acres. By comparison, in Arizona the average farm size is 4,518 acres.

In Arizona, land in farms and ranches has steadily declined since the late 1950s to 37,500,000 acres in 1984. The number of farms and ranches in 1984 stood at 8,300. Over half of the farms in Arizona account for less than one percent of our agricultural sales. About 25 percent of the farms contribute approximately 97 percent of total agricultural sales. Less than 2,000 farms in 1984 accounted for almost 97 percent of the total crops harvested. Of the farms and ranches with cattle, less than 20 percent accounted for 99 percent of total cattle sales revenue.

The agricultural market in Arizona has slowed during the past five years. In 1979, total cash receipts from agricultural markets were at $1,735,715,000; this dropped to $1,643,630,000 by 1983.

According to the Arizona Crop and Livestock Reporting Service, agricultural product sales brought in less money in 1984 than any year since 1978. While sales were down, farm marketing expenses remained relatively stable, paralleling costs incurred in 1983. Costs for feed, livestock, seed, fertilizer, repairs, and hired labor amounted to 1.5 billion in 1983, down slightly from 1.6 billion in 1982.

If one takes the total Arizona net income from agriculture in 1983 of $89.4 million and divides that by production expenses of $1.5 billion, the agriculture rate of return is 5.6 percent compared to a 23.9 percent rate of return in 1979.

While the rate of return in agriculture has declined, government payments to farm producers has increased 1,224 percent; that is from $9.1 million in 1979 to $111 million in 1983.

Total Arizona farm debt increased from $1.79 billion in 1983 to $1.82 billion in 1984. While livestock, poultry, and crops have decreased in value during the past five years, the appreciation of real estate has more than offset this decline, keeping the debt-to-asset ratio relatively stable over the past several years.

Within Arizona, Maricopa, Pinal, and Yuma counties have by far the highest cash receipts from agricultural marketings. In 1983, these three counties accounted for 79 percent of total cash crop receipts. Maricopa County had $358,167,000 in cash receipts from agricultural marketings, Pinal County had $158,113,000, and Yuma County had $220,035,000. The figures are down significantly, though, from 1981 when Maricopa County had $384,017,000 in total cash receipts, Pinal County had $186,606,000, and Yuma County had $325,766,000. In comparison to the national picture, agriculture in Arizona seems to have fared relatively well during the past few years. True, the profit ratio has gone down. However, by comparison, Arizona's farms and ranches have done much better financially than the farm operator of the Midwest.

As to what will happen in the near future, it is difficult to speculate. The consensus of opinion seems to be that the agribusiness industry will continue to expand in the areas of input supply and in processing, manufacturing, and distribution. Agricultural production, farms, and ranches will continue to decline in number. A trend toward larger and more specialized farms and ranches will result in even fewer farms in the future.

Those living in rural areas will face some dramatic changes in the next few years. It is likely that farm bankruptcies will increase, and that farm lending agencies such as agricultural banks and production credit associations will also face severe financial problems. The federal government has shown reluctance to increase agricultural assistance to the middle-sized farm operation. Government aid to the farmer is, therefore, not likely to increase enough to prevent a continued, rapid attrition of middle-sized, commercial family farms.

Jeffrey D. Bowman

SOURCES:

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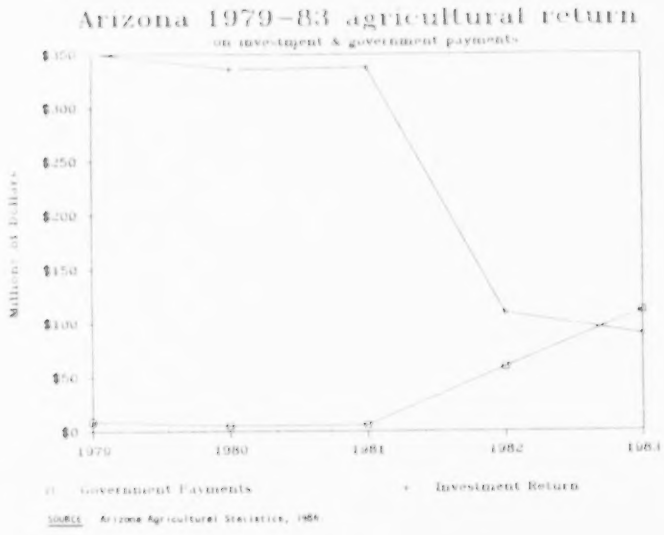
CASH RECEIPTS FROM AGRICULTURAL MARKETING: CROPS
ARIZONA'S COUNTIES, 1979-1983

County	1979	1980	1981	1982	1983
Apache	$ 4,816	$ 3,728	$ 1,568	$ 1,744	$ 2,085
Cochise	36,951	38,209	48,155	37,601	36,437
Coconino	10,738	9,319	5,615	3,994	3,878
Gila	4,052	2,796	8,069	9,372	8,115
Graham	18,064	21,434	32,503	32,233	28,641
Greenlee	2,981	2,796	3,070	1,439	2,024
La Paz*					73,945
Maricopa	342,992	377,433	384,017	367,326	358,167
Mohave	7,587	10,251	7,045	8,507	9,369
Navajo	4,286	3,728	4,579	4,328	4,467
Pima	20,849	20,503	26,169	23,593	19,963
Pinal	147,380	174,271	186,606	173,421	158,113
Santa Cruz	1,922	1,864	1,370	977	1,136
Yavapai	7,697	6,524	1,929	1,585	1,718
Yuma*	272,509	259,077	325,766	329,600	220,035
ARIZONA	885,824	931,933	1,036,461	995,720	928,120

* La Paz County created from Yuma County in 1983.

SOURCE: Arizona Agricultural Statistics, 1984. See above.



CARL PERKINS VOCATIONAL EDUCATION ACT TAPE PRESENTATION AVAILABLE

The Arizona State Occupational Information Coordinating Committee (ASOICC) has received a copy of the color slide/cassette tape presentation on the Carl D. Perkins Vocational Education Act.

The 45-minute program is part of the National Occupational Information Coordinating Committee's ongoing effort to ensure that all states and territories are informed about legislation that impacts on vocational education and coordination between the labor market and the education community, and among federal agencies and the states. The project was produced by the Office of Vocational and Adult Education of the U.S. Department of Education.

The Carl Perkins Vocational Education Act went into effect July 1, 1985, with the acceptance of new state plans. Since the act represents a major shift of federal funding to states for program improvement and expansion, many questions have been raised about its implementation. This slide/tape presentation is answering some of those questions.

For additional information, readers may contact Stan Butterworth, executive director of the Arizona State Occupational Information Coordinating Committee (ASOICC) at (602) 255-3680. Mail inquires may be sent to Stan at Site 897J, P.O. Box 6123, Phoenix, Arizona, 85005.

ARIZONA UNEMPLOYMENT INSURANCE ACTIVITIES - SEPTEMBER 1985

	September 1985	August 1985	September 1984	From One Year Ago
Arizona Claimants Served*	35,300	33,526	26,640	+32.5%
Arizona Average Weeks Unemployed**	9.5	9.7	10.7	-11.2%
Arizona Benefits Paid*	$ 9,200,438	$ 10,532,629	$ 7,837,731	+17.4%
Arizona Trust Fund Balance	$314,717,862	$321,324,292	$225,830,260	+39.4%

*All Programs **UI Only

THE ARIZONA LABOR FORCE IN OCTOBER

While the ranks of the unemployed in Arizona swelled by 2,300 in October, the growth in employment was strong enough to prevent a rise in the unemployment rate. This pattern is typical of the course the state economy has followed for most of this year: a continued expansion of services-related employment has mitigated the impact of a slump in Arizona's goods-producing industries.

This combination of factors has resulted in an unusual distinction for Arizona. Over the last twelve months since September 1984, Arizona was one of two states to record a wage and salary employment growth rate in excess of 5 percent. During the same time period, the increase of two percentage points in Arizona's unemployment rate was the largest increase observed among the 50 states. Growth in population and commercial activity have created a rising demand for a full range of services in spite of manufacturing layoffs and a slower pace in the construction sector. As Arizona's experience over the last twelve months clearly demonstrates, it is not necessarily inconsistent for rapid employment growth to be accompanied by a rising unemployment rate.

Construction employment fell by 600 in Arizona during October, with losses recorded in both of the state's major metropolitan areas. Most of the job losses in the nonmetropolitan areas were seasonal in nature, especially in the northern counties. Declining interest rates should prevent a substantial decrease in home building from occuring during the next few months. Nevertheless, employment in construction should continue to trend downward and probably will not rebound until the second half of 1986.

The manufacturing sector continued to report mixed results in October. Statewide, about 100 jobs were added last month, but losses were observed in the durable goods categories. Producers of electrical and electronic equipment have been reducing payrolls for months, and October was no exception. With even more layoffs in the works, the near term outlook for these firms is grim. There are signs that the slump in the semiconductor industry has reached bottom, but it will be several months at least before significant increases in production and hiring can be anticipated.

Meanwhile, Arizona's defense contractors, especially the aerospace companies, continue to expand at a rapid clip. Since there seems to be little risk of cuts in defense procurement budgets in the foreseeable future, these firms can be expected to continue adding to their work forces. In the nondurable goods sector, over 100 jobs were created in October, many of them in southern Arizona. Most of the increases were in food processing and apparel manufacturing, which usually show an increase at this time of year.

The trade, finance, services, and government sectors all are creating jobs at an impressive rate. Although this does reflect a national trend, the growth observed in Arizona has been exceptional. Retail trade establishments are responding to rapid population growth as well as to the upcoming holiday and tourism seasons. Finance, insurance, real estate, medical, and other services also have added large numbers of workers even while the overall economic growth rate has slowed, and these industries are expanding throughout Arizona, not just in the larger cities. Employment in schools, colleges, and state and local governments continues to rise, but October's government employment totals are somewhat inflated by temporary increases related to the special census in Maricopa County.

The prospects for the continued growth of the regional economy are good. Arizona appears to have a solid foundation of tourism, government, and defense manufacturing that will prevent a severe or prolonged downturn. However, the slump in high technology manufacturing, combined with an expanding population base, will likely result in a rising rate of unemployment as the state moves into 1986.

Brian Cary

October 1985 (in thousands)

	ARIZONA				
				-- Amt Change --	
	Oct.* 1985	Sep. 1985	Oct. 1984	Sep. to Oct.	1984 to 1985
TOTAL CIVILIAN LABOR FORCE**	1473.6	1450.7	1462.5	+22.9	+11.1
Total Unemployment	94.0	92.6	63.9	+2.3	+31.0
Rate	6.4	6.4	4.4	---	---
Rate (Sea. Adj.)***	6.5	6.5	4.5	---	---
Total Employment	1378.7	1358.1	1398.6	+20.6	-19.9

THE ABOVE LABOR FORCE STATISTICS SHOULD NOT B

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

TOTAL WAGE AND SALARY	1278.1	1261.4	1216.0	+17.7	+63.1
Manufacturing	183.2	183.1	177.6	+0.1	+5.6
Durable Goods	144.5	144.5	138.8	+0.0	+6.7
Stone, Clay and Glass	8.4	8.4	7.5	+0.0	+0.9
Primary and Fabricated Metals	16.5	16.3	17.1	+0.2	-0.6
Primary Metals	7.1	7.0	7.4	+0.1	-0.3
Fabricated Metals	9.4	9.3	9.7	+0.1	-0.3
Machinery	69.3	69.1	70.0	-0.8	-1.7
Other Durable Goods	51.3	50.7	45.2	+0.6	+5.1
Aircraft and Missiles	23.9	23.6	20.3	+0.3	+3.6
Lumber and Wood Products (Except Furniture)	8.0	7.9	7.3	+0.1	+0.7
All Other Durable Goods	19.4	19.2	17.6	+0.2	+1.8
Nondurable Goods	38.7	38.6	37.9	+0.1	+0.9
Food and Kindred Products	8.6	8.6	8.4	+0.0	+0.2
Apparel	5.1	5.0	5.0	+0.1	+0.1
Printing and Publishing	14.3	14.2	14.0	+0.1	+0.3
All Other Nondurable Goods	10.7	10.8	10.4	-0.1	+0.3
Mining and Quarrying	11.2	11.2	12.7	+0.0	-1.5
Copper Mining	8.5	8.5	9.8	+0.0	-1.3
Other Mining and Quarrying	2.7	2.7	2.9	+0.0	-0.2
Construction	100.2	100.8	100.9	-0.6	-0.7
Trans., Communications, and Public Utilities	63.5	63.0	61.4	+0.5	+2.1
Transportation	28.5	28.5	28.6	+0.0	-0.1
Communication and Public Utilities	35.0	34.5	32.8	+0.5	+2.2
Trade	307.6	302.7	294.6	+4.9	+13.0
Wholesale Trade	63.0	62.7	60.3	+0.3	+2.7
Retail Trade	244.6	240.0	234.3	+4.6	+10.3
General Merchandise and Apparel	39.3	38.4	38.4	+0.9	-0.1
Food Stores	37.2	36.9	35.4	+0.3	+1.8
Automotive and Service Stations	29.4	29.4	27.8	+0.0	+1.6
Eating and Drinking Places	86.7	84.5	81.4	+2.2	+5.3
Other Retail Trade	52.0	50.8	50.3	+1.2	+1.7
Finance, Insurance, and Real Estate	78.7	77.8	72.9	+0.9	+5.8
Services and Miscellaneous	299.9	296.7	280.2	+3.2	+19.7
Hotels and Other Lodging Places	31.0	30.4	29.1	+1.5	+2.8
Business Services	69.0	69.3	63.7	-0.3	+5.3
Health Services	72.0	71.7	69.2	+0.3	+2.8
Other Services	127.0	125.3	118.2	+1.7	+8.8
Government	225.8	217.1	215.7	+8.7	+10.1
Federal	43.1	40.8	39.5	+2.3	+3.6
State and Local	182.7	176.3	176.2	+6.4	+6.5
School	109.1	103.3	107.6	+5.8	+1.5

* Preliminary
** Labor force, unemployment, and employment are reported by place of residence.
*** Normal seasonal variations have been eliminated to reflect underlying economic trends.
NOTE--Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

October 1985 (in thousands)

MARICOPA COUNTY					PIMA COUNTY				
			-- Amt Change --					-- Amt Change --	
Oct.* 1985	Sep. 1985	Oct. 1984	Sep. to Oct.	1984 to 1985	Oct.* 1985	Sep. 1985	Oct. 1984	Sep. to Oct.	1984 to 1985
937.5	919.0	927.3	+18.5	+10.2	266.2	264.1	265.4	+2.1	+0.8
48.0	46.3	31.0	+1.7	+17.0	14.3	13.0	11.2	+0.5	+3.1
5.1	5.0	3.3	---	---	5.4	5.2	4.2	---	---
5.1	5.1	3.4	---	---	5.4	5.4	4.2	---	---
889.5	872.7	896.3	+16.8	-6.8	251.9	250.3	254.2	+1.6	-2.3

USED FOR ECONOMIC ASSISTANCE PROGRAMS

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

840.3	825.4	794.0	+14.9	+46.3	231.5	230.3	219.0	+1.2	+12.5
131.1	131.4	128.8	-0.3	+2.3	32.8	32.2	29.6	+0.6	+2.6
104.7	104.9	103.0	-0.2	+1.7	27.0	27.0	24.5	+0.0	+2.5
5.1	5.1	4.5	+0.0	+0.6					
10.9	10.8	11.0	+0.1	-0.1					
54.3	55.2	56.3	-0.9	-2.0					
34.4	33.8	31.2	+0.6	+3.2					
26.4	26.5	25.8	-0.1	+0.6	5.2	5.2	5.1	+0.0	+0.1
5.3	5.3	5.2	+0.0	+0.1					
3.2	3.2	3.0	+0.0	+0.2					
10.4	10.4	10.3	+0.0	+0.1					
7.5	7.6	7.3	-0.1	+0.2					
0.6	0.6	0.6	+0.0	+0.0	2.4	2.4	2.9	+0.0	-0.5
75.4	75.6	69.2	-0.2	+6.2	21.4	21.5	19.0	-0.1	+2.4
41.8	41.7	39.9	+0.1	+1.9	8.8	8.9	9.0	-0.1	-0.2
19.5	19.5	19.2	+0.0	+0.3	4.0	4.1	4.2	-0.1	-0.2
22.3	22.2	20.7	+0.1	+1.6	4.8	4.8	4.8	+0.0	+0.0
209.8	205.2	200.6	+4.6	+9.2	50.1	49.0	48.4	+0.2	+1.7
49.7	49.5	48.2	+0.2	+1.5	7.6	7.5	6.7	+0.1	+0.9
160.1	155.7	152.4	+4.4	+7.7	42.5	42.4	41.7	+0.1	+0.8
24.8	24.1	24.9	+0.7	-0.1	7.3	7.2	7.6	+0.1	-0.3
23.8	23.5	22.5	+0.3	+1.3	5.8	5.9	5.7	+0.0	+0.2
18.9	18.8	17.7	+0.1	+1.2	4.6	4.7	4.4	-0.1	+0.2
56.3	54.1	52.2	+2.2	+4.1	15.9	15.8	15.3	+0.1	+0.6
36.3	35.2	35.1	+1.1	+1.2	8.8	8.8	8.7	+0.0	+0.1
61.7	61.0	56.9	+0.7	+4.8	10.9	10.8	10.2	+0.1	+0.7
203.4	200.8	190.6	+2.6	+12.8	57.0	56.2	51.4	+0.8	+5.6
19.0	17.7	17.3	+1.3	+1.7	5.0	4.6	4.3	+0.4	+0.7
56.0	56.4	52.4	-0.4	+3.6	10.2	10.2	8.8	+0.0	+1.4
47.5	47.4	47.3	+0.1	+0.2	15.6	15.5	13.8	+0.1	+1.8
80.9	79.3	73.6	+1.6	+7.3	26.2	25.9	24.5	+0.3	+1.7
116.5	109.1	107.4	+7.4	+9.1	48.7	48.4	48.5	+0.3	+0.2

-- Prepared by Labor Market Information, Research and Analysis (CPS, 1/86)

NONMETROPOLITAN COUNTIES
LABOR FORCE AND EMPLOYMENT
October 1985

	Apache	Cochise	Coconino	Gila	Graham	Green-lee	La Paz
TOTAL CIVILIAN LABOR FORCE*.	15,425	28,975	37,250	12,650	7,825	2,175	4,825
Total Unemployment	2,425	2,400	3,225	1,575	925	375	900
Rate	15.7%	8.3%	8.7%	12.5%	11.8%	17.2%	18.7%
Rate (Seas. Adj.)**.	15.9%	8.7%	9.4%	12.3%	11.7%	17.0%	-INA-
Total Employment	13,000	26,575	34,025	11,075	6,900	1,800	3,925
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS							
TOTAL WAGE AND SALARY. . . .	14,800	23,475	34,850	9,775	4,825	1,850	2,475
Manufacturing.	775	2,200	2,650	1,275	175	50	75
Mining and Quarrying	25	175	25	1,625	25	700	0
Construction	950	1,350	1,575	475	150	75	75
Trans., Comm., & Pub. Util..	1,825	1,500	2,650	325	175	50	50
Trade.	1,425	5,025	7,925	1,900	1,325	275	825
Fin., Insur., & Real Estate.	275	625	775	250	150	25	75
Services and Miscellaneous .	4,150	3,075	8,200	1,625	800	100	600
Government	5,375	9,525	11,050	2,300	2,025	575	775

	Mohave	Navajo	Pinal	Santa Cruz	Yavapai	Yuma
TOTAL CIVILIAN LABOR FORCE*.	24,400	25,500	31,650	9,175	33,225	36,775
Total Unemployment	2,725	3,325	3,950	1,950	2,100	6,625
Rate	11.2%	13.0%	12.5%	21.3%	6.3%	18.0%
Rate (Seas. Adj.)**.	11.4%	13.7%	12.4%	18.9%	6.6%	-INA-
Total Employment	21,675	22,175	27,700	7,225	31,125	30,150
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS						
TOTAL WAGE AND SALARY. . . .	18,100	18,925	25,750	7,875	20,375	24,000
Manufacturing.	2,425	1,825	3,425	1,075	2,250	1,650
Mining and Quarrying	300	1,100	3,575	0	600	50
Construction	1,475	1,000	1,100	325	1,950	1,875
Trans., Comm., & Pub. Util..	1,125	1,625	1,175	550	875	950
Trade.	5,150	3,450	4,575	2,925	5,225	7,700
Fin., Insur., & Real Estate.	875	350	700	250	800	900
Services and Miscellaneous .	3,500	4,875	2,750	1,250	4,075	4,400
Government	3,250	4,700	8,450	1,500	4,600	6,475

*Adjusted to the Current Population Survey (CPS) to reflect place of residence.
**Seasonal adjustment not applicable for economic assistance programs.

NOTE--Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

Prepared in conjunction with the U.S. Department of Labor, Bureau of Labor Statistics.

ARIZONA LABOR FORCE AND EMPLOYMENT FOR ECONOMIC ASSISTANCE PROGRAMS
October 1985

County	Civilian Labor Force	Employment	Unemployment	Rate
Statewide	1,473,634	1,378,758	94,876	6.4%
Apache	15,424	12,988	2,436	15.8
Cochise	28,986	26,578	2,408	8.3
Coconino	37,251	34,023	3,228	8.7
Gila	12,652	11,082	1,570	12.4
Graham	7,830	6,916	914	11.7
Greenlee	2,171	1,793	378	17.4
La Paz	4,824	3,928	896	18.6
Maricopa	937,527	889,516	48,011	5.1
Mohave	24,392	21,662	2,730	11.2
Navajo	25,499	22,180	3,319	13.0
Pima	266,246	251,902	14,344	5.4
Pinal	25,499	25,499	3,319	13.0
Santa Cruz	9,184	7,229	1,955	21.3
Yavapai	33,219	31,107	2,112	6.4
Yuma	36,783	30,158	6,625	18.0

These figures are the only official BLS labor statistics to be used for revenue sharing purposes. They are not designed to be used as economic indicators. Note: Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

ESTIMATED HOURS AND EARNINGS OF PRODUCTION WORKERS IN SELECTED INDUSTRIES IN ARIZONA
October 1985

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVG. HOURLY EARNINGS		
	OCT.* 1985	SEP. 1985	OCT. 1984	OCT.* 1985	SEP. 1985	OCT. 1984	OCT.* 1985	SEP. 1985	OCT. 1984
FOR THE STATE OF ARIZONA*									
Manufacturing	391.78	390.67	372.50	40.1	40.4	40.8	9.77	9.67	9.13
Aircraft & Missiles	INA	INA	INA	INA	INA	INA	INA	INA	INA
Food & Kindred Products	330.24	341.25	330.67	38.4	39.0	39.4	8.60	8.75	7.89
Primary Metals	496.52	479.88	491.25	39.5	38.7	39.3	12.57	12.40	12.50
Machinery	354.71	356.11	321.12	39.5	39.7	40.7	8.98	8.97	7.89
Copper Mining	569.38	577.40	560.77	41.5	42.3	41.6	13.72	13.65	13.48
Construction	424.04	444.80	428.35	34.9	36.7	36.8	12.15	12.12	11.64
Utilities	574.67	574.67	541.68	42.6	42.6	43.3	13.49	13.49	12.51
Retail Trade**	244.15	243.88	235.58	33.4	33.5	34.9	7.31	7.28	6.75
Wholesale Trade	364.75	358.29	359.60	37.5	37.4	39.3	9.46	9.58	9.15

* Preliminary
** Excludes eating and drinking places.
NOTE--These estimates are based on a sample of full and part-time production and related employees whose payroll and hours are reported for the pay period which includes the 12th of the month. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

--Prepared by Labor Market Information, Research and Analysis (1972 SIC, 1/84)

UNION MEMBERSHIP--DECLINING OR SHIFTING?

Membership in labor organizations grew by almost 37 percent in Arizona during the 1970s. However, during the same time period, total wage and salary employment expanded by more than 85 percent. Since employment has grown more rapidly than has membership, the percentage of employees who are members of a labor organization has declined from 21.4 percent in 1970 to 15.8 percent in 1980. Data for the United States as a whole reveal a similar decline in percentage.

Labor Organization Membership*
(in thousands)

	1970	1974	1978	1980
Arizona:				
Wage and Salary Employment**	547	746	895	1,014
Membership***	117	156	159	160
Percent of Employment	21.4%	20.9%	17.8%	15.8%
United States:				
Wage and Salary Employment****	70,880	78,265	86,697	90,406
Membership***	21,852	23,408	23,306	22,811
Percent of Employment	30.8%	29.9%	26.9%	25.2%

* NOTE: Includes both unions and employee associations.

** SOURCE: Arizona Department of Economic Security, Current Employment Statistics.

*** SOURCE: Bureau of Labor Statistics in Statistical Abstract of the United States 1985.

**** SOURCE: Employment and Earnings.

According to a report by William T. Dickens and Jonathan S. Leonard, a number of factors have contributed to the decline in the unionized share of the U.S. work force. They studied three possible explanations for the decline:

1. The net growth in union membership due to economic causes was negative in the 1970s.

2. The rate of organization has declined.

3. The success rate of union organizing has dropped.

Dickens and Leonard found that although the economic deterioration of highly unionized industries in the 1970s might appear to explain the decline, that explanation is not consistent with the fact that there have been periods, such as the early 1960s, when net growth in union membership from economic causes was more negative than in the 1970s, but more successful organizing activity took place than in the 1970s. In addition, the proportion of the work force organized within those highly unionized industries fell during the years when employment in those industries was growing.

Those researchers concluded that depressed rates of union organization and reduced success rates appear to represent structural change that cannot be expected to disappear if the economy improves. Those low rates could be explained by either a decrease in the extent and intensity of union organizing or by a decreased willingness of workers to join unions. There could be attitudinal changes concerning unions or an increase in management resistance. The data presented by Dickens and Leonard are in the following table.

Components of Union Growth - United States
(Five-year Averages)

	1960-64	1965-69	1970-74	1975-79
Percent Union*	31.2%	29.0%	27.2%	23.8%
Organizing Rate**	1.56	1.46	1.25	.97
Success Rate	55%	55%	46%	37%
Decertification Rate***	.12	.10	.14	.23
Success Rate	49%	42%	48%	54%
Labor Force Growth Rate****	1.6	3.7	1.9	3.0
Union Membership Growth Rate	-0.7	2.2	0.6	-1.0
Net Growth Due to Representation Elections	1.6	1.8	1.3	.9
Net Growth Due to Economic Causes	-2.3	0.4	-0.7	-1.9

* Percentage of all private nonagricultural nonconstruction employees who are members of national labor unions or local affiliates of national labor unions.

** Percentage of all previously unorganized private nonagricultural employees who were eligible to vote in NLRB certification elections.

*** Percentage of all workers eligible to vote in decertification elections divided by total union membership.

**** Private nonagricultural nonconstruction labor force.

Richard B. Freeman and James L. Medoff, authors of What Do Unions Do?, also identified three possible explanations for the dropping union share of U.S. employees:

1. changing economic structure;
2. decline of union organizing efforts; and
3. growth of managerial opposition.

The changing economic structure reflects a reduced proportion of the work force in groups traditionally highly unionized (e.g. manufacturing) and an increased proportion in groups traditionally nonunion (e.g. white-collar jobs, women). However, Freeman and Medoff noted problems with accepting an explanation based on economic structure. They found that the same changes have occurred in all of the major Western economies, yet their unionism has increased. In addition, union growth has historically taken the form of sudden organization of traditionally nonunion groups, such as public employees.

In surveys asking if workers would vote for a union if they had the opportunity to do so, both young and female workers express as much pro-union sentiment as do older or male workers. One group which could form the basis of a spurt in unionization is the white-collar workers of the baby boom generation. Many of those with some college education have wages and career advancement far below their expectations.

Freeman and Medoff found that structural factors increase or decrease the difficulty of organization, but those factors do not determine unionization. Union organizing efforts do appear to impact heavily on unionization. The resources spent on organizing in a union's jurisdiction is a major determinant of unionization. As much as a third of the decline in union success through National Labor Relations Board (NLRB) elections can be linked to reduced organizing activity.

Freeman and Medoff also discovered that from one-fourth to one-half of the decline in union voting success can be attributed to rising management opposition. Forms of management opposition can include positive labor relations, legal campaigns to convince workers to vote against a union, or illegal firing of pro-union workers.

A different viewpoint on the difficulties in the labor movement has been presented by Stanley Aronowitz, author of Working Class Hero. He identified three causes of labor's problems:

1. shift in the regional centers of the American economy;

2. transformations in the technological composition of labor; and

3. transformations in the international division of labor.

A shift in regional economic centers is the result of a long-term decentralization of industries from the large cities of the Northeast and Midwest to suburban and rural areas. Technological changes have accelerated a shift away from manual labor toward intellectual labor. Furthermore, the United States has become a leading producer of technology and administration for the world production of goods, but a declining producer of material goods. Aronowitz concluded that the combined effects of those three factors have resulted in reductions of between 20 and 30 percent in the membership of major industrial unions.

Philip M. Doyle analyzed data from the Bureau of Labor Statistics' (BLS) area wage surveys in order to determine the significance of shifts in the industrial, occupational, regional, and demographic composition of the labor force on declines in unionization.

Those BLS wage surveys do have some limitations in that they cover only 70 Standard Metropolitan Statistical Areas (SMSAs) and are restricted to establishments employing at least 50 workers in the following industries: manufacturing; transportation, communications, electric, gas, and sanitary services; trade; finance, insurance, and real estate; and selected services. Excluded from the survey coverage are construction and mining (traditionally heavily unionized industries), government, private and public schools, and health care facilities.

Nevertheless, Doyle was able to identify some trends. He found that of the 22 percent reduction in union coverage of production workers from 1961 to 1984, about one-third could be attributed to shifts from regions and industries where unions have traditionally been strongest. For office workers, regional and industrial shifts accounted for almost half of their 5 percent decline in union coverage. Over that same time period, average employment size in the surveyed establishments decreased by 16 percent. Since unionization tends to occur in larger firms, the decrease in establishment size may have also impacted on union coverage.

Doyle concluded that shift effects explain only part of the decline in union coverage. A variety of forces are involved, including the appeal of unionism to individual workers, the ease or difficulty of union organizing, and government deregulation. The latter factor has contributed to the unionization decline by stimulating competition, partly from unorganized firms in trucking, airlines, and communications.

Another source of data on unionization is the Current Population Survey (CPS), conducted by the U.S. Bureau of the Census. Although the sample size is too small to obtain reliable data on Arizona, national data reveal some occupational shifts within union membership.

Edward C. Kokkelenberg and Donna R. Sockell did a study of CPS data, from 1973 to 1981, and found that unionization was increasing among professionals such as librarians, physicians, nurses, and teachers and among other white-collar employees such as secretaries. Highly educated employees, women, and blacks are also increasing their percentages of unionization. Decreases were evident in traditionally unionized occupations including machinists, plumbers, telephone-line workers, miners, carpenters, and heavy-equipment mechanics.

In addition, large increases were noticed in the percentage of workers organized in primary and secondary schools, universities, local and state government, hospitals, and libraries.

How does Arizona's labor situation compare to that of the rest of the nation? Although

Arizona's membership in labor organizations has been growing over the years, Arizona has considerably less union activity than many other states. Only nine states have percentages of employment unionized lower than Arizona's. According to the Directory of U.S. Labor Organizations, Arizona ranks 37 in the number of unions reporting under the Labor-Management Reporting and Disclosure Act (LMRDA) and the Civil Service Reform Act (CSRA).

Arizona has a "right-to-work" law which prohibits the "union shops" that are prevalent in the more heavily unionized states. Nevertheless, unions have had a great impact on various sectors of Arizona's economy, particularly copper mining, construction, and some parts of manufacturing.

Barbara Keene

SOURCES:

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NEW DEVELOPMENTS

GATES LEARJET RELOCATION - Disappointing Tucson and state officials who had hoped otherwise, Gates Learjet Corporation decided in mid-November to move its manufacturing operations to Wichita, Kansas. The move will result in the layoff of 500 to 550 of the company's 815 Tucson employees. The 200 or so employees remaining will be in the corporate headquarters, marketing, and customer service departments of Gates which, at least for now, will remain in Tucson. James B. Taylor, Gate's president and CEO, tried to stress the positive aspect of the corporate headquarters remaining and added that laid-off employees will receive their vacation and sick-leave time, as much as six weeks of severance pay, early-retirement inducements, and continuation of health insurance and counseling for two months after the layoff which takes place December 13, 1985. Taylor said poor decisions have lead to the company's financial problems and need for consolidation.

PLANT SHUTDOWNS - More bad news for the electronics industry. Data Packaging Corporation, which has manufactured computer reels and plastic boxes at 425 South 67th Street for about 11 years, shutdown operations November 1, laying off all of its 80 management and production employees. Company officials said the closing was the result of a significant reduction in demand for its computer-related products and the failure of new products to meet projected sales goals. Employees received severance pay, an extension of benefits, and assistance in finding new jobs.

Digital Applications Incorporated of Phoenix, a printed wiring boards manufacturer, ceased operations at the end of October and layed off its 40 employees. Company officials said the decision was based on continuing losses, declining order backlog, and a changing market that is shifting overseas.

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